



Mississippi Employment Security Commission

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Executive Director

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George E. Powell, Chairman
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FINANCIAL AUDIT FINDINGS

February 18, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Please find enclosed the Mississippi Employment Security Commission's response and plan for corrective action regarding the financial audit findings for Fiscal Year 2003. We are pleased that the reportable condition is not considered a material weakness.

AUDIT FINDING:

Controls over the Calculation of the General Experience Rate Should Be Strengthened to Ensure Accuracy

RESPONSE:

We concur with this finding.

CORRECTIVE ACTION PLAN:

The MESC tax rate program was reviewed and rewritten to reduce the amount of manual interventions required. The MESC also assigned supervisory personnel to review rates before they are released to the public. The Information Systems Department (ISD) will compute tax rates and provide summary information for the UI Tax Department to review. The UI Tax Department will give written notice to the ISD indicating rates. Once approved by UI Tax in writing, the ISD will then create rate letters for mailing to employers.

For further information regarding the computation of the tax rate, please contact Dale Smith, UI Interim Director at 601-961-7759.

Corrective action has been taken and is in effect at the date of this letter.

AUDIT FINDING:

Controls Should Be Strengthened over the Eligibility Verification Process

RESPONSE:

The MESC plans to implement the SSA/SWA Data Exchange Project via the Interstate Connection Network (ICON) in order to verify the validity of social security numbers submitted during the initial

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claimstaking process. The Department of Labor and the Social Security Administration have resolved various issues to facilitate the SSA/SWA Data Exchange Project. However, specific requirements regarding the states obtaining an Independent Verification and Validation (IV&V) that their systems meet SSA's security guidelines are being developed. Once these requirements are received MESC will proceed with the implementation process.

Subsequent to the audit done in FY 2002 by the Mississippi State Auditor's Office, MESC's UI Director met with the US Justice Department/INS and a criminal investigator with the MS Highway Patrol Criminal Investigation Bureau and discussed our willingness to support and assist those agencies in any efforts regarding fraud and illegal aliens working and receiving unemployment compensation. However, we have not had any requests for our assistance.

The MESC concurs with the Auditor's recommendation because as more states utilize technology during the initial claims process, additional tools are needed to verify the identity of claimants.

Currently the MESC does check for applicants with duplicate names and mailing addresses. If duplicates are found, Claims Center personnel are required to have the individuals report in-person and provide proper identification.

CORRECTIVE ACTION PLAN:


The MESC will transmit the name, date of birth and SSN of the individual filing for unemployment insurance when the claim is first initiated to the SSA. The SSA will check its various databases to determine the validity of the information submitted. The SSA will respond through the ICON system regarding the legitimacy of the submitted information.

For further information regarding the 'Data Share' project please contact Gwen Moncure, UI Technical Services Department Chief at 601-961-7554. If additional information is warranted regarding duplicate names/address and invalid social security number, please contact Gail Grice, Internal Auditor at 601-961-7992.

It is anticipated that by calendar year 2005, the 'Data Share' project shall be implemented.

Should you need additional information concerning the Responses or Corrective Action Plans, please feel free to contact Freddie M. Phillips, Director Administration and Services at 961-7600.

Sincerely,



Curtis C. Thompson
Executive Director

FMP/chg